

04492

*Audited Financial Statements*

ALTERNATIVES TO DOMESTIC VIOLENCE

*For the Year Ended June 30, 2008*

## ALTERNATIVES TO DOMESTIC VIOLENCE

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MCLEAN, ROTHERHAM & CO.  
CERTIFIED PUBLIC ACCOUNTANTS  
BUSINESS CONSULTANTS

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
Alternatives to Domestic Violence

We have audited the accompanying statement of financial position of Alternatives to Domestic Violence, a California Not-for-Profit Corporation (the "Organization") as June 30, 2008, and the related statements of activities, change in net assets, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and with standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Alternatives to Domestic Violence, as of June 30, 2008, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 7, 2008 on our consideration of The Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the Organization's financial statements taken as a whole. The supplementary schedules of expenditures of federal awards and of findings and questioned costs are presented for the purpose of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and are not required parts of the basic financial statements. The supplemental schedules of direct and indirect expense are also presented for purposes of additional analysis and are not required parts of the basic financial statements. The information in these schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

*McLean Rotherham & Co.*

Riverside, California  
January 6, 2009

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# ALTERNATIVES TO DOMESTICE VIOLENCE

## STATEMENT OF FINANCIAL POSITION

June 30, 2008

### ASSETS

#### Current Assets

Cash and cash equivalents	\$ 60,537
Grants receivable	229,894
Promises to give	92,984
Prepaid expenses	<u>14,592</u>
Total Current Assets	398,007

Property and Equipment - net of  
accumulated depreciation

2,460,979

Deposits and other assets

13,281

Total Assets

\$ 2,872,267

### LIABILITIES AND NET ASSETS

#### Current Liabilities

Accounts payable	\$ 32,247
Accrued payroll	98,820
Credit lines	128,871
Notes payable, current portion	<u>12,411</u>

Total Current Liabilities

272,349

Notes payable, less current portion

362,821

Total Liabilities

635,170

### NET ASSETS

Unrestricted	1,999,813
Temporarily restricted	<u>237,284</u>
Total Net Assets	<u>2,237,097</u>

Total Net Assets and Liabilities

\$ 2,872,267

The accompanying notes are an integral part of these financial statements

# ALTERNATIVES TO DOMESTICE VIOLENCE

## STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2008

	Unrestricted	Temporarily Restricted	Totals
SUPPORT:			
Grants from governmental agencies	\$ 1,511,694	\$ -	\$ 1,511,694
United Way funds	187,473	-	187,473
Contributions	212,517		212,517
Donated services	-		-
Donated facilities, equipment & supplies	78,680		78,680
Net assets released from restrictions	(80,434)	80,434	-
Total Support	1,909,930	80,434	1,990,364
REVENUE:			
Interest income	2,306		2,306
Gain on disposition of property	-		-
Program revenue-anger management	13,028		13,028
Program revenue-counseling	19,505		19,505
Miscellaneous income	21,716		21,716
Total Revenue	56,555	-	56,555
Total Support and Revenue	1,966,485	80,434	2,046,919
EXPENSES:			
Program Support			
Shelter	569,059		569,059
Children's programs	123,961		123,961
Outreach services	859,242		859,242
Violence prevention	114,537		114,537
Crisis line	48,165		48,165
Community education	4,468		4,468
Management and general	475,494		475,494
Fundraising	26,630		26,630
Total Expenses	2,221,556	-	2,221,556
Change in Net Assets	(255,071)	80,434	(174,637)
Net Assets, beginning of year	2,254,884	156,850	2,411,734
Net Assets, end of year	\$ 1,999,813	\$ 237,284	\$ 2,237,097

The accompanying notes are an integral part of these financial statements

ALTERNATIVES TO DOMESTIC VIOLENCE  
STATEMENT OF CASH FLOWS  
For the Year Ended June 30, 2008

**Cash Flow from Operating Activities:**

Change in net assets	\$ (174,637)
Add charges to revenue not requiring use of cash:	
Depreciation	138,409
Adjustments to reconcile change in net assets to net cash flow from operating activities	
(Increase) in grants receivable	(34,664)
(Increase) in promises to give	(74,984)
Decrease in prepaid expense	4,055
Decrease in deposits	5,170
(Decrease) in accounts payable and accrued expense	<u>(21,707)</u>
Net cash used by operating activities	(158,358)

**Cash Flow from Investing Activities:**

Acquisition of property and equipment	<u>(3,733)</u>
Net cash used by investing activities	(3,733)

**Cash Flow from Financing Activities:**

Net principal proceeds from borrowing on credit line	28,000
Principal payments on notes payable	<u>(11,481)</u>
Net cash provided by financing activities	16,519

Net increase in cash and cash equivalents	(145,572)
Cash and cash equivalents beginning of year	<u>206,109</u>
Cash and cash equivalents at end of year	<u><u>\$ 60,537</u></u>

**Supplemental disclosure of cash flow information**

Cash payments for:	
Interest	<u><u>\$ 39,934</u></u>

The accompanying notes are an integral part of these financial statements

			Support Services			
			Management	Fund		Total
Crisis	Community	Total	and	Development		
Line	Education	Program	General			
		Services				
\$ 32,752	\$ 102	\$ 759,970	\$ 256,651	\$ -	\$ 1,016,621	
1,772	-	75,515	24,070	-	99,585	
2,737	8	65,284	18,350	-	83,634	
-	-	-	1,744		1,744	
1,500	-	189,936	27,695	24,812	242,443	
99	2,048	50,272	4,696	95	55,063	
2,517	-	35,402	8,056	-	43,458	
24	488	2,771	1,533	573	4,877	
4,798	-	243,922	59,411	-	303,333	
959	113	23,713	4,506	355	28,574	
46	-	10,106	-	-	10,106	
769	1,192	4,592	1,203	686	6,481	
130	517	29,680	5,622	109	35,411	
-	-	1,324	-	-	1,324	
-	-	1,642	8,019	-	9,661	
54	-	6,722	6,026	-	12,748	
-	-	78,680	-	-	78,680	
-	-	-	39,934	-	39,934	
8	-	7,737	1,733	-	9,470	
-	-	132,164	6,245	-	138,409	
\$ 48,165	\$ 4,468	\$ 1,719,432	\$ 475,494	\$ 26,630	\$ 2,221,556	

The accompanying notes are an integral part of these financial statements

## **NOTE 1 – ORGANIZATION**

Alternatives to Domestic Violence is a not-for-profit organization committed to improving the quality of life and creating hope by ending the cycle of domestic violence through services and education. The Organization operates a shelter, crisis line and children's programs. They also provide outreach services to victims of domestic violence. The Organization's clients are located primarily in Riverside County.

## **NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

### Basis of Accounting

The financial statements of Alternatives to Domestic Violence have been prepared in accordance with accounting principles generally accepted in the United States of America on an accrual basis of accounting.

### Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, Financial Statements of Not-for-Profit Organizations. Under SFAS No. 117, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

### Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

### Cash and Cash Equivalents

Cash equivalents consist of short-term highly liquid investments that are readily converted to cash with an original maturity of 3 months or less.

### Fair value

The carrying amounts reported in the statements of financial position for cash and cash equivalents, accounts receivable, and accounts payable approximate fair value due to their immediate short-term maturity.



**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)**

Depreciation and Fixed Assets

Fixed assets are recorded at cost. Depreciation is computed using the straight-line method over the estimated useful life of the asset. Assets purchased pursuant to contractual agreements are either capitalized or charged directly to the program in accordance with the agreement and the related budgetary line item. The Organization's administrative policy is to capitalize all assets with a cost basis of \$500 or more.

Donated Services

Amounts are reported in the accompanying statements for voluntary donation of services when those services create or enhance non-financial assets or require specialized skills provided by individuals possessing those skills and which would be typically purchased if not provided by donation.

Donated Materials, Supplies, and Facilities

Donated materials, supplies and facilities are recorded as contributions at their estimated fair market value at the date of donation. Such donations are reported as increases in unrestricted net assets unless the donor has restricted the donated asset to a specific purpose.

Contracts and Grants Receivable

Contracts and grants receivable consists of balances due for services provided pursuant to written and verbal contracts and grants with various public and private agencies. Generally accepted accounting principles in the United States of America require that an allowance for doubtful accounts be established for accounts receivable. It is the Organizations' policy to evaluate the collectability of receivables on a regular and ongoing basis, if deemed necessary, an adjustment to the allowance for bad debt account is recorded. No allowance for doubtful accounts has been provided due to Management's belief that all amounts are collectible.

Income Taxes

The Organization is exempt from income taxes as a charitable organization under Section 501 (c)(3) of the Internal Revenue Code and Section 23401 of the California Tax Code. In addition, the Organization has been determined by the Internal Revenue Service not to be a "private foundation" within the meaning of Section 509(a) of the Internal Revenue Code. There was no unrelated business income for the year ended June 30, 2008.

ALTERNATIVES TO DOMESTIC VIOLENCE  
A CALIFORNIA NOT-FOR-PROFIT CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2008

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)**

Functional Expense

The costs of providing the Organization's programs have been summarized on a functional basis in the statement of functional expense. Based on management's estimates, costs have been allocated between programs and supporting services as they relate to those functions.

**NOTE 3 – RESTRICTIONS ON NET ASSETS**

Permanently restricted net assets are donations restricted by the donor in ways that permit only the earnings to be used for the programs and general operations of the Organization. There were no permanently restricted net assets as of June 30, 2008.

Temporarily restricted net assets have been restricted by donors for specific programs within the Organization. Temporarily restricted net assets were \$237,284 as of June 30, 2008.

When restrictions on contributions are satisfied in the same period as the receipt of the contribution, the Organization reports both the revenue and the related expense in the unrestricted net assets. Cost-reimbursement grants are considered conditional. Therefore, revenue is recognized as costs are incurred.

**NOTE 4 – PROPERTY AND EQUIPMENT**

Property and equipment were comprised of the following as of year end:

Building and leasehold improvements	\$	2,656,396
Vehicles		48,035
Equipment		154,550
Office furniture and equipment		<u>289,944</u>
Subtotal		3,148,925
Less: Accumulated depreciation		<u>(687,946)</u>
Total Property and equipment	\$	<u><u>2,460,979</u></u>

ALTERNATIVES TO DOMESTIC VIOLENCE  
A CALIFORNIA NOT-FOR-PROFIT CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2008

**NOTE 5 – CONTRACTS AND GRANTS FROM GOVERNMENTAL AGENCIES**

Contracts and grants from governmental agencies consisted of the following for the year ended June 30, 2008:

Cities:	
Corona	\$ 58,126
Hemet	3,935
Moreno Valley	8,000
Riverside	49,353
County of Orange	
Social Services Agency	720
County of Riverside:	
Community Development Grant	42,664
General Fund	2,000
Sheriff's Department for Family Justice Centers	70,226
Department of Public Social Services	217,851
Department of Public Social Services - Anger Management	182,205
Department of Public Social Services - CAPIT	48,622
Department of Public Social Services - Counseling	25,780
Department of Public Social Services - Advocacy	2,463
Domestic Violence Trust Fund	112,378
Emergency Shelter Grants	44,034
Office of Education	59,515
Southwest County Shelter Services	110,000
State of California:	
Department of Health Services - MCH#05-45011	199,196
Emergency Housing Assistance Program	30,000
Office of Emergency Services	200,070
Superior Courts of California	1,463
Federal Emergency Management Agency	
Emergency Food and Shelter Program	21,239
	<u>\$ 1,489,840</u>

ALTERNATIVES TO DOMESTIC VIOLENCE  
A CALIFORNIA NOT-FOR-PROFIT CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2008

**NOTE 6 – GRANTS / CONTRACTS RECEIVABLE**

The following represent the amounts due from contracts and grants to the Organization as of June 30, 2008:

Cities:	
Corona	\$ 1,506
Hemet	972
Moreno Valley	2,022
Riverside	2,299
County of Orange:	
Social Services Agency	810
County of Riverside:	
Community Action Program - Project B.L.I.S.S.	1,092
Community Development Block Grant	8,530
Sheriff's Department for Family Justice Centers	11,631
Department of Public Social Services	13,619
Department of Public Social Services - Anger Management	1,294
Department of Public Social Services - Counseling	2,100
Department of Public Social Services - Advocacy	(1,425)
Emergency Shelter Grants	2,549
Office of Education	8,888
State of California:	
Department of Health Services - MCH#05-45011	55,332
Emergency Housing Assistance Program	30,000
Office of Emergency Services	88,675
	<u>\$ 229,894</u>

**NOTE 7 – IRREVOCABLE LETTER OF CREDIT**

In the previous year, the Organization was required to have a \$97,500 irrevocable line of credit which was held as security by the County of Riverside for landscape and improvements. This line of credit was no longer required by the County of Riverside as of June 30, 2008.

ALTERNATIVES TO DOMESTIC VIOLENCE  
A CALIFORNIA NOT-FOR-PROFIT CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2008

**NOTE 8 – DONATED RENT**

The Episcopal Diocese of San Diego is allowing the Organization to utilize the land where the Organization has built their new shelter, Casa de Paz. The term is through July 31, 2053. The annual ground rent is \$1.00 per year. The approximate donated value of rent is \$2,500 per month.

**NOTE 9 – OPERATING LEASE COMMITMENTS**

The Organization has entered into long-term operating lease agreements for program facilities and the corporate office facility. These leases expire throughout the years ending June 30, 2009.

The Organization leases various office equipment under non-cancelable operating lease agreements that expire throughout the years ending June 30, 2012

Aggregate future minimum operating lease commitments are as follows:

<u>Years ending June 30,</u>	
2009	\$ 127,319
2010	17,749
2011	15,133
2012	2,868
Thereafter	<u>-</u>
Total	<u>\$ 163,069</u>

During the year ended June 30, 2008, the Organization incurred expenses of \$193,821 and \$28,574, respectively associated with facility and equipment leases.

**NOTE 10 – NOTES PAYABLE / LINE OF CREDIT**

Notes payable consist of the following at June 30, 2008:

Note payable to Premier Service Bank with a balance of \$375,232 as of June 30, 2008. The note accrues interest at 6.75%, with minimum monthly payments of \$3,141 and matures March 25, 2010.

ALTERNATIVES TO DOMESTIC VIOLENCE  
A CALIFORNIA NOT-FOR-PROFIT CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2008

**NOTE 11 – NOTES PAYABLE / LINE OF CREDIT *(Continued)***

Line of credit with Premier Service Bank with a balance of \$128,871 as of June 30, 2008. The interest on the line of credit is 2% over prime as published by the Wall Street Journal. The interest as of June 30, 2008 was at 7.00%. The line of credit matures May 23, 2009.

Aggregate future maturities of long-term debt are as follows:

<u>Years ending June 30,</u>	
2009	\$ 141,282
2010	362,821
2011	-
2012	-
Thereafter	<u>-</u>
Total	504,103
Current portion	<u>141,282</u>
Long term portion	\$ <u><u>362,821</u></u>

*Supplementary Schedules*

**ALTERNATIVES TO DOMESTIC VIOLENCE**

*For the Year Ended June 30, 2008*

ALTERNATIVES TO DOMESTIC VIOLENCE  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended June 30, 2008

Federal Grantor Pass-through Grantor <u>Program Title</u>	Federal CFDA Number	Pass-through Grantor's Number	Expenditures
U.S. Department of Health and Human Services:			
State of California pass-through programs:			
Domestic Violence Assistance Program			
Office of Emergency Services	16.575	DV07211194	\$ 98,520
	93.671	DV06201194	64,237
	16.588	DV06201194	5,195
Riverside County Department of Public Social Services			
Temporary Assistance for Needy Families	93.558	CO0440-00	<u>217,851</u>
Total U.S. Department of Health and Human Services			<u>385,803</u>
U.S. Department of Housing and Urban Development:			
Pass-through the following government entities:			
Community Development Block Grants	14.218		
Riverside County:			
Economic Development Agency		0.05-07CDBG	42,664
Emergency Shelter Grant Program		0.23-07ESG	44,034
City of Riverside			29,353
City of Corona			19,000
City of Hemet			3,935
City of Moreno Valley			<u>8,000</u>
Total U.S. Department of Housing and Urban Development			<u>146,986</u>
Federal Emergency Management Agency			
Emergency Food and Shelter National Board Program	97.024	25-0820-00-069	<u>21,239</u>
Total Expenditures of Federal awards			<u>\$ 554,028</u>

The accompanying notes are an integral part of these financial statements



ALTERNATIVES TO DOMESTICE VIOLENCE  
SCHEDULE OF GRANT REVENUE AND EXPENDITURES  
OFFICE OF EMERGENCY SERVICES  
For the Year Ended June 30, 2008

Grant Number	DV07211194
Comprehensive County-Wide Services:	
Grant revenue	\$ 200,070
Matching funds	43,902
Total Revenue	<u>243,972</u>
Grant Expenditures:	
Personnel Services:	
Salaries	107,064
Employee benefits and taxes	32,119
Operating expenses:	
Audit fees	3,000
Payroll processing	424
Household supplies	5,398
Office supplies	5,926
Postage	727
Program supplies	1,733
Communications	6,760
Space fees (rent)	3,018
Utilities	7,865
Insurance	2,491
Facilities maintenance	9,921
Printing	5,156
Equipment maintenance	5,616
Travel	2,852
Total Operating Expenses	<u>60,887</u>
Cash match expenses:	
Salaries and benefits	43,902
Total Cash Match Expenses	<u>43,902</u>
Total Grant Expenditures	<u>243,972</u>
Excess of Grant Revenue over Grant Expenditures	\$ <u>-</u>

The accompanying notes are an integral part of these financial statements



MCLEAN, ROTHERHAM & CO.  
CERTIFIED PUBLIC ACCOUNTANTS  
BUSINESS CONSULTANTS

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors of  
Alternatives to Domestic Violence

We have audited the financial statements of Alternatives to Domestic Violence, a California Not-for-Profit Corporation (the "Organization") as June 30, 2008, and have issued our report thereon dated January 6, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Organization's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance

As part of obtaining reasonable assurance about whether the Organization's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the board of directors, management, and the federal awarding agencies and pass-through entities and is not intended to be used and should not be used by anyone other than these specified parties.

*McLean Rotherham & Co.*

Riverside, California  
January 6, 2009



MCLEAN, ROTHERHAM & CO.  
CERTIFIED PUBLIC ACCOUNTANTS  
BUSINESS CONSULTANTS

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors of  
Alternatives to Domestic Violence

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Compliance

As part of obtaining reasonable assurance about whether the Organization's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the board of directors, management, and the federal awarding agencies and pass-through entities and is not intended to be used and should not be used by anyone other than these specified parties.

*McLean Rotherham & Co.*

Riverside, California  
January 6, 2009



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CERTIFIED PUBLIC ACCOUNTANTS  
BUSINESS CONSULTANTS

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH  
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE  
IN ACCORDANCE WITH OMB CIRCULAR A-133

To the Board of Directors of  
Alternatives to Domestic Violence

Compliance

We have audited the compliance of Alternatives to Domestic Violence a California Not-for-Profit Corporation (the "Organization") with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2008. The Organization's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Organization's management. Our responsibility is to express an opinion on the Organization's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*. Those standards and provisions require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Organization's compliance with those requirements.

In our opinion, Alternatives to Domestic Violence complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2008.

Internal Control over Compliance

The management of Alternatives to Domestic Violence is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Organization's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information of the board of directors, management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*McLean Rotherham & Co.*

Riverside, California  
January 6, 2009

ALTERNATIVES TO DOMESTIC VIOLENCE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2008

**Section I – Summary of Auditor’s Results**

**Financial Statements**

Type of Auditor’s report issued: unqualified

Internal control over financial reporting:

• Reportable conditions identified that are not considered to be material weaknesses? \_\_\_\_\_ yes    ☒ none reported

• Material weaknesses identified? \_\_\_\_\_ yes    ☒ none reported

Noncompliance material to financial Statements noted? \_\_\_\_\_ yes    ☒ none reported

**Federal Awards**

Internal control over major programs:

• Reportable conditions identified that are not considered to be material weaknesses? \_\_\_\_\_ yes    ☒ none reported

• Material weaknesses identified? \_\_\_\_\_ yes    ☒ none reported

Type of auditor’s report issued on compliance for major programs: unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? \_\_\_\_\_ yes    ☒ no

Identification of major programs:

*CFDA Numbers*

*Name of Federal Program*

16.575 / 93.671	Department of HHS-pass through State of California , Domestic Violence Assistance Program
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Dollar threshold used to distinguish Between type A and type B programs:                      \$ 300,000

Auditee qualified as low-risk auditee?                      ☒ yes    \_\_\_\_\_ no

## **Section II – Financial Statement Findings**

No reportable conditions, material weaknesses, and instances of noncompliance were identified that related to the financial statements and that were required to be reported.

## **Section III – Federal Award Findings and Questioned Costs**

No reportable conditions, material weaknesses, and instances of noncompliance, including questioned costs were identified that related to the Federal Awards and that were required to be reported by Section 510(a) of Circular A-133.

ALTERNATIVES TO DOMESTIC VIOLENCE  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
For the Year Ended June 30, 2008

Prior Audit Findings

There were no prior audit findings that were required to be reported.



ALTERNATIVES TO DOMESTIC VIOLENCE

CORRECTIVE ACTION PLAN

For the Year Ended June 30, 2008

Corrective Action Plan

There was no corrective action plan that was required to be reported.



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California Society of Certified Public Accountants*

To the Board of Directors  
San Diego Youth & Community Services, Inc.  
3255 Wing Street  
San Diego, California 92110

In planning and performing our audit of the financial statements of San Diego Youth & Community Services, Inc. as and for the year ended June 30, 2008, in accordance with auditing standards generally accepted in the United States of America, we considered San Diego Youth & Community Services, Inc.'s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

However, during our audit we became aware of several matters that are opportunities for strengthening internal controls and operating efficiency. The memorandum that accompanies this letter summarizes our comments and suggestions regarding those matters. This letter does not affect our report dated November 19, 2008.

We have already discussed many of these comments and suggestions with various Company personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study on these matters, or to assist you in implementing the recommendations.

*Leaf & Cole LLP*

San Diego, California  
November 19, 2008

# SAN DIEGO YOUTH & COMMUNITY SERVICES, INC.

## MEMORANDUM

### **Bank Account Reconciliations:**

#### Condition

Stale dated checks caused by the payee's not promptly cashing the checks adds significant time to the performance of the bank reconciliation procedures.

#### Recommendation

Encourage payee's to promptly cash the checks, we recommend "Not Negotiable after 90 Days" be imprinted on the checks.

#### Response

Staff intends to have "Not Negotiable after 90 Days" printed on new checks.

### **Fixed Asset Record:**

#### Condition

Currently Excel spread sheets are used to record procurement of assets and the calculation of the related depreciation expense and the accumulation of the depreciation expense. Since these spread sheets have to be maintained manually, there exists the inherent possibility of errors that can accumulate to cause a material misstatement of the financial statements.

#### Recommendation

Purchase an inexpensive software program to record assets, compute annual depreciation expense, and the accumulation of depreciation expense.

#### Response

Staff intends to purchase an inexpensive software program.

**Schedule of Expenditures of Federal Awards:**

Condition

The Schedule of Expenditures of Federal Awards is updated only at year end and because of the amount of activity for the year may delay the start of the year end audit.

Recommendation

Update the Schedule of Expenditures of Federal Awards quarterly so only the last quarter's activity needs to be updated at year end.

Response

Staff intends to implement this procedure in fiscal year 2008/2009.

**Document Storage:**

Condition

Storing the original paper documents requires a significant amount of space on the premises as well as off site storage as the documents must be retained for a minimum of seven years.

Recommendation

Digitize the documents for electronic file storage.

Response

Staff intends to investigate and pursue.